

ORIGINAL



0000124660

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea
Director
Utilities Division

Date: April 18, 2011

RE: STAFF REPORT FOR THE APPLICATION OF GROOM CREEK WATER
USERS ASSOCIATION FOR AN EXTENSION OF ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY – DOCKET NO: W-01865A-11-0057

Attached is the Staff Report for the application of Groom Creek Water Users Association to extend its Certificate of Convenience and Necessity ("CC&N"). Staff recommends issuance of an Order Preliminary as outlined herein.

SMO:VW:red

Originator: Vicki Wallace

Arizona Corporation Commission

DOCKETED

APR 18 2011



DOCKET CONTROL
AZ CORP COMMISSION

2011 APR 18 P 4: 17

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Service List For: Groom Creek Water Users Association
Docket No. W-01865A-11-0057

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Phoenix, Arizona 85007

STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

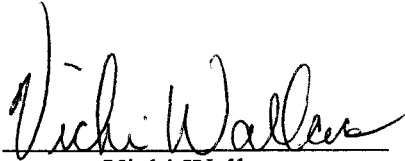
GROOM CREEK WATER USERS ASSOCIATION
DOCKET NO. W-01865A-11-0057

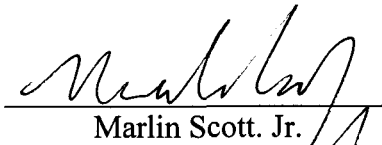
APPLICATION OF GROOM CREEK WATER USERS ASSOCIATION FOR AN
EXTENSION OF ITS CERTIFICATE OF CONVENIENCE AND NECESSITY

APRIL 18, 2011

STAFF ACKNOWLEDGMENT

The Staff Report for Groom Creek Water Users Association, Docket No. W-01865A-11-0057 was prepared by the Staff members shown below.


Vicki Wallace
Executive Consultant


Marlin Scott, Jr.
Utilities Engineer

**EXECUTIVE SUMMARY
GROOM CREEK WATER USERS ASSOCIATION
DOCKET NO. W-01865A-11-0057**

On January 31, 2011, the Groom Creek Water Users Association ("GCWUA" or "Association") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include area adjacent to its current CC&N, the Association has been serving customers for years to the requested areas, and this application is to be filed to correct the CC&N.

GCWUA states that the purpose of the application was to correct the CC&N currently on file with the ACC to reflect the actual legal description and areas currently being served by GCWUA. The Association has no desire to further enlarge its current service area or its number of customers. The proposed extension area includes Groom Creek Estates No. 1 and No. 2, portions of the Webfoot Lode Mining Claim Subdivision, and a park site in Yavapai County, Arizona. The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres. The amended legal description and maps are attached as Exhibit 1.

Staff concludes:

1. The Association's current and modified water system has the capacity to serve the existing and requested CC&N area.
2. The Association is in compliance with Arizona Department of Environmental Quality and Arizona Department of Water Resources regulations.

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding subject to compliance with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends that Staff be required to file, within 60 days of the Company's filing of compliance with Approval of Construction requirements, a Staff response to the Company's filing, in the form of a Proposed Order confirming compliance and granting an extension of the Company's CC&N to correct its existing CC&N boundaries to serve its customer base. The Proposed Order confirming compliance should be scheduled as soon as possible for a Commission vote after the filing of Staff's response.

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INTRODUCTION

On January 31, 2011, the Groom Creek Water Users Association ("GCWUA" or "Association") filed an application with the Arizona Corporation Commission ("Commission" or "ACC") for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include area adjacent to its current CC&N, the Association has been serving customers for years to the requested areas, and this application is to be filed to correct the CC&N.

On March 1, 2011, the ACC Utilities Division ("Staff") filed a Sufficiency Letter indicating that the Company's application met the sufficiency requirements of Arizona Administrative Code ("A.A.C."). A copy of the Sufficiency Letter was sent to the Company via U. S. certified mail.

On January 6, 2011, the Administrative Law Judge assigned to this case issued a procedural schedule setting a hearing for May 26, 2011.

BACKGROUND

GCWUA states that the purpose of the application was to correct the CC&N currently on file with the ACC to reflect the actual legal description and areas currently being served by GCWUA. The Association has no desire to further enlarge its current service area or its number of customers. The proposed extension area includes Groom Creek Estates No. 1 and No. 2, portions of the Webfoot Lode Mining Claim Subdivision, and a park site in Yavapai County, Arizona. The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres. The amended legal description and maps are attached as Exhibit 1.

GCWUA is an Arizona Association (Class "D" utility), engaged in the business of providing water services in areas located approximately five miles southeast of Prescott, in Yavapai County. The Association received its CC&N in Decision No. 53067 issued June 9, 1982. The application indicates that sometime back in the 1970's, a water utility known as Mountaineer Water Company ("Mountaineer") was formed to service the residents of the Groom Creek area. In 1982, the GCWUA was formed and purchased the utility from the previous owner. The CC&N area on file at that time was approved via the Decision referenced above. Since there were no changes made to the CC&N area at the time of transfer, it is GCWUA's belief that Mountaineer was servicing residents outside of the existing CC&N boundaries and never applied to the ACC for a change in CC&N boundaries to reflect such service. GCWUA's current rates were established by Decision No. 70627 issued November 19, 2008.

THE GROOM CREEK WATER USER ASSOCIATION'S WATER SYSTEM

Operation

According to the Association's 2010 Annual Report, the Association's water system currently consists of one well (pumping 35 gallons per minute), two 44,000 gallon storage tanks (totaling to 88,000 gallons), and approximately 18,500 feet of 6-inch water main serving 221 service connections as of December 2010. The 221 customer count includes the customers within the requested CC&N extension areas. The Association stated that it has been providing water service to the requested areas since 1982.

Construction of New Plant Facilities

In Decision No. 70627 (November 19, 2008), the Association was authorized to obtain a Water Infrastructure Finance Authority loan for an amount not to exceed \$1.6 million to finance certain capital improvement projects. The major improvement projects, with construction status, are listed in detail in Staff's Engineering Report, Exhibit 2.

Capacity

According to the Staff's Engineering Report, Exhibit 2, the current system operation consisting of one well at 35 GPM and two storage tanks totaling to 88,000 gallons are adequate to serve the existing customer base including the extension areas. After all the capital improvement projects are completed, the new water system, which will then have two wells (totaling to 60 GPM) and three storage tanks (totaling to 153,000 gallons), will be capable of serving the customer base plus reasonable growth and provide fire flow protection.

CUSTOMER NOTICE

As directed by the Procedural Schedule in this docket, GCWUA published a legal notice in the Prescott Courier on April 5, 2011. Individual notices were mailed to the residents on the same date. The affidavit of publication and the resident notice were filed in the docket on April 11, 2011.

COMPLIANCE

Arizona Department of Environmental Quality ("ADEQ")

In an ADEQ compliance status report, dated November 1, 2010, ADEQ reported that the Association's water system, Public Water System No. 13-040, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

Arizona Department of Water Resources ("ADWR")

The Association is not located in any ADWR Active Management Area. According to an ADWR Water Provider Compliance Report, dated April 13, 2011, ADWR has determined that the Association's water system is currently compliant with departmental requirements governing water providers and/or community water systems.

Arizona Corporation Commission ("ACC")

On April 13, 2011, the Utilities Division Compliance Section indicated that the Association had one delinquent ACC compliance item. This item related to Decision No. 70627 which ordered:

IT IS FURTHER ORDERED that Groom Creek Water Users Association shall file with Docket Control, as a compliance item in this docket, all Approvals of Construction by December 31, 2010.

On April 15, 2011, the Association filed a request for an extension of time until October 31, 2011 to comply with the above compliance item.

Based on the above discussion regarding the Construction of New Plant Facilities and their construction status, Staff found that the construction of all the capital improvement projects is near completion. Therefore, Staff does not object to the Association's request for an extension of time and recommends an extension of time until October 31, 2011, be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627. Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding until all Approvals of Construction requirements outlined in Decision No. 70627 have been filed with Docket Control.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The Association's current and modified water system has the capacity to serve the existing and requested CC&N areas.

The Association is in compliance with ADEQ and ADWR regulations.

Staff Recommendation

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends the issuance of an Order Preliminary granting the CC&N extension in this proceeding subject to compliance with all Approvals of Construction requirements outlined in Decision No. 70627.

Staff further recommends that Staff be required to file, within 60 days of the Company's filing of compliance with Approval of Construction requirements, a Staff response to the Company's filing, in the form of a Proposed Order confirming compliance and granting an extension of the Company's CC&N to correct its existing CC&N boundaries to serve its customer base. The Proposed Order confirming compliance should be scheduled as soon as possible for a Commission vote after the filing of Staff's response.

MEMORANDUM

TO: Vicki Wallace
Executive Consultant III
Utilities Division

FROM: Lori H. Miller *lhm*
Programs & Projects Specialist
Utilities Division

THRU: Del Smith *DS*
Engineering Supervisor
Utilities Division

DATE: April 11, 2011

RE: **GROOM CREEK WATER USERS ASSOCIATION (DOCKET NO. W-01865A-11-0057)**
AMENDED LEGAL DESCRIPTION

The area requested by Groom Creek for a CC&N extension has been plotted using an amended legal description. Attached is the legal description which will replace (in its entirety) the legal description filed with its application.

Also attached is a copy of the map for your files.

:lhm

Attachments

cc: Mr. Kal Miller
Ms. Deb Person (Hand Carried)
Ms. Marlin Scott, Jr.
File

GROOM CREEK WATER USERS ASSOCIATION
DOCKET NO. W-01865A-11-0057
AMENDED LEGAL DESCRIPTION

A portion of Section 26, in Township 13 North, Range 2 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona:

Groom Creek Estates No. 1 and Groom Creek Estates No. 2 further described as:

BEGINNING at the intersection of 112° 26' 25.1W, 34° 28' 58.1N;
THENCE S 02° 47' 30" W for a distance of 369.17 feet;
THENCE S 02° 47' 30" W for a distance of 966.60 feet;
THENCE S 88° 16' W for a distance of 855.21 feet;
THENCE N 39° 20' E for a distance of 398.64 feet;
THENCE N 47° 50' W for a distance of 392.20 feet;
THENCE N 59° 29' E for a distance of 25.71 feet;
THENCE N 65° 25' W for a distance of 85.17 feet;
THENCE N 47° 52' W for a distance of 191.01 feet;
THENCE N 39° 22' 40" E for a distance of 333.19 feet;
THENCE N 38° 55' 20" W for a distance of 393.00 feet;
THENCE N 88° 05' E for a distance of 1,196.04 feet to the POINT OF BEGINNING.

Parcel No. 104-19-008 further described as:

BEGINNING at the intersection of 112° 26' 33.9 W, 34° 28' 48.7 N;
THENCE to the intersection of 112° 26' 32.8 W, 34° 28' 47.9 N;
THENCE to the intersection of 112° 26' 35.4 W, 34° 28' 45.5 N;
THENCE to the intersection of 112° 26' 36.4 W, 34° 28' 46.1 N
THENCE to the intersection of 112° 26' 33.9 W, 34° 28' 48.7 N to the POINT OF BEGINNING.

Parcel No. 104-19-006B further described as:

BEGINNING at the intersection of 112° 26' 38 W, 34° 28' 50.5 N;
THENCE to the intersection of 112° 26' 37.5 W, 34° 28' 50.9 N;
THENCE to the intersection of 112° 26' 37.3 W, 34° 28' 50.7 N;
THENCE to the intersection of 112° 26' 36.3 W, 34° 28' 50.4 N;
THENCE to the intersection of 112° 26' 36.5 W, 34° 28' 50.2 N;
THENCE to the intersection of 112° 26' 38 W, 34° 28' 50.5 N to the POINT OF BEGINNING.

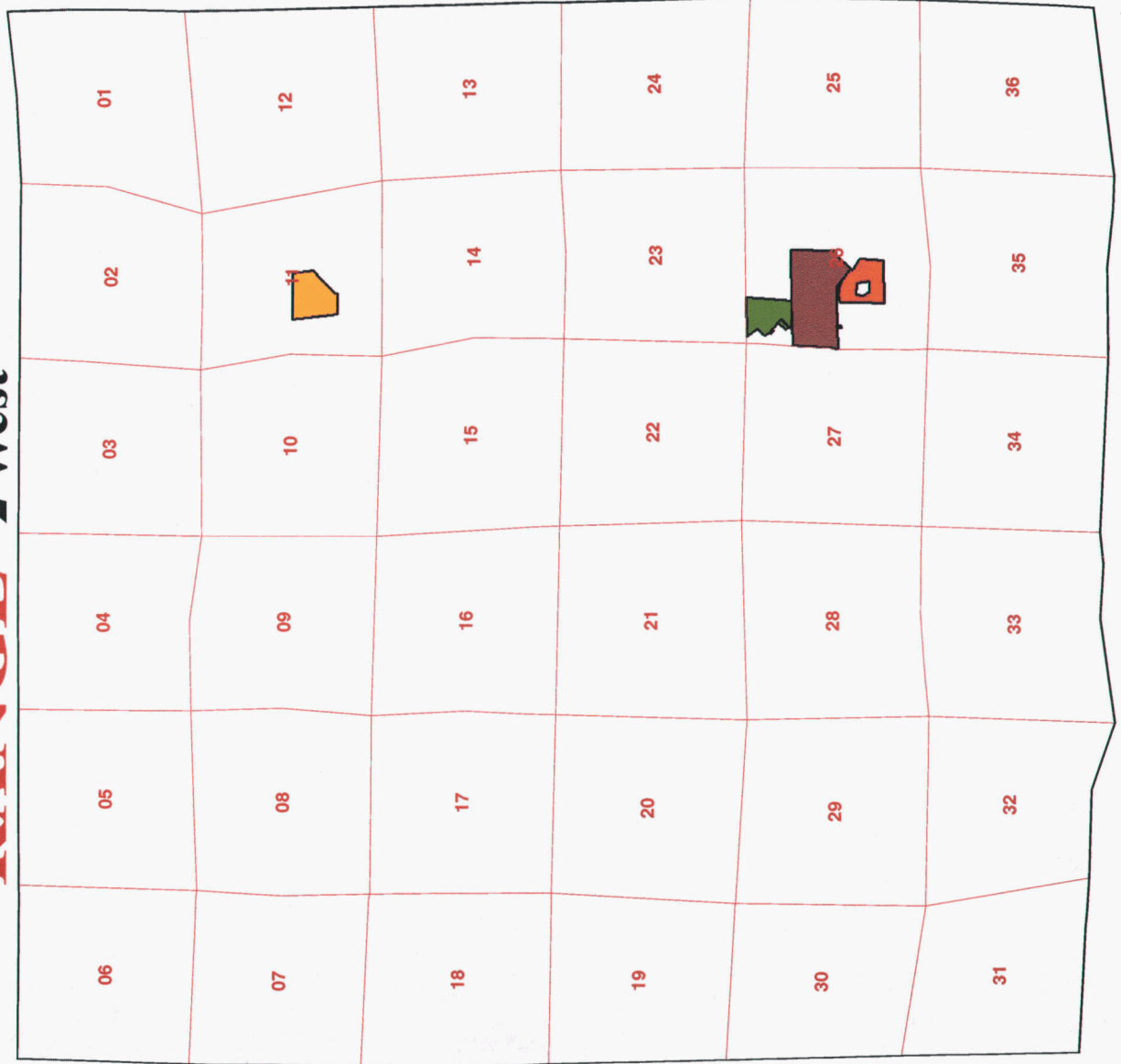
Parcel No. 104-16-226 further described as:

BEGINNING at the intersection of 112° 26' 35.4 W, 34° 28' 31.4 N;
THENCE to the intersection of 112° 26' 34.6 W, 34° 28' 31.4 N;
THENCE to the intersection of 112° 26' 34.7 W, 34° 28' 34.7 W;
THENCE to the intersection of 112° 26' 35.6 W, 34° 28' 29.7 N;
THENCE to the intersection of 112° 26' 35.4 W, 34° 28' 31.4 N to the POINT OF BEGINNING.

YAVAPAI COUNTY

RANGE 2 West

TOWNSHIP 13 North



- W-01865A (1)
Groom Creek Water Users Association
- W-02245A (1)
Loma Estates Water Company, LLC
- W-01671A (1)
Sherman Pines Water Company
- (1)
Groom Creek Water Users Association
Docket No. W-0165A-11-0057
Application for CC&N Extension

Groom Creek Estates 1 & 2
(27.76 Acres)

104-19-006B
(0.18 Acres)

104-19-008
(0.93 Acres)


Groom Creek Water Users Association
(93.51 Acres)

104-16-226
(0.25 Acres)

Loma Estates Water Company

MEMORANDUM

TO: Vicki Wallace
Executive Consultant
Utilities Division

FROM: Marlin Scott, Jr. 
Utilities Engineer
Utilities Division

DATE: April 18, 2011

RE: Engineering Report for Groom Creek Water Users Association
Docket No. W-01865A-11-0057 (Extension of CC&N)

Introduction

Groom Creek Water Users Association ("Association") has filed an application for approval of an extension of its Certificate of Convenience and Necessity ("CC&N"). The Association's application states that although the Association is requesting authority to extend its CC&N to include areas adjacent to its current CC&N, the Association has been serving customers for years to the requested areas and this application is be filed to correct the CC&N.

The Association serves a community located approximately five miles south of Prescott, Yavapai County, with an existing certificated area covering approximately 1/8 square-mile or 80 acres. The requested CC&N extension areas total to 0.05 square-miles or 29.12 acres.

Water System*Operation*

According to the Association's 2010 Annual Report, the Association's water system currently consists of one well (pumping 35 gallons per minute), two 44,000 gallon storage tanks (totaling to 88,000 gallons), and approximately 18,500 feet of 6-inch water main serving 221 service connections as of December 2010. The 221 customer count includes the customers within the requested CC&N extension areas. The Association stated that it has been providing water service to the requested areas since 1982.

Construction of New Plant Facilities

In Decision No. 70627, dated November 19, 2008, the Association was authorized to obtain a Water Infrastructure Finance Authority loan for an amount not to exceed \$1.6 million to finance certain capital improvement projects. The major improvement projects, with construction status, are as follows:

1. New 65,000 gallon storage tank: This storage tank at Well Site #1 has been completed and is in the disinfection and testing stage. This storage tank will be placed into service when the new booster system is completed.
2. New booster system: This new booster system at Well Site #1 will have 3 pumps with a 2,500 gallon pressure tank. Completion of this project is in its final stages.
3. New distribution system: This project replaced all of the old distribution mains which replaced all of the old asbestos cement pipes with new 6-inch polyvinyl chloride pipes, for a total of approximately 18,500 feet. This project also installed new meters and meter boxes for all the 228 customers, plus another 43 stub-outs for future customers. There were also 13 fire hydrants installed. This project was completed in October 2010 and has been serving customers since that time.
4. New transmission main: Well #2 was taken out of service about October 2009 when construction of the distribution system commenced. The construction of a new transmission main from this Well Site #2 to Well Site #1 has been completed and Well #2 will pump directly into the new 65,000 gallon storage tank. Well #2 is currently in the testing stage before it is placed back into service. In the past, this well was pumping at 25 GPM.

Capacity

The current system operation consisting one well at 35 GPM and two storage tanks totaling to 88,000 gallons are adequate to serve the existing customer base including the extension areas. After all the capital improvement projects are completed, the new water system which will then have two wells (totaling to 60 GPM) and three storage tanks (totaling to 153,000 gallons) and will be capable of serving the customer base plus reasonable growth and provide fire flow protection.

Arizona Department of Environmental Quality ("ADEQ") Compliance

In an ADEQ compliance status report, dated November 1, 2010, ADEQ reported the that Association's water system, Public Water System #13-040, has no major deficiencies and is currently delivering water that meets water quality standards required by 40 CFR 141/Arizona Administrative Code, Title 18, Chapter 4.

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Conclusions/Recommendation

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The Association is in compliance with ADEQ and ADWR regulations.

Staff recommends an extension of time until October 31, 2011 be granted through this proceeding to comply with all Approvals of Construction requirements outlined in Decision No. 70627.

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